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# Acklands Limited

## 1966 Annual Report

1867 1967

The Annual General and Special General Meeting of the shareholders of Acklands Limited will be held at the Fort Garry Hotel, Winnipeg, Manitoba on Wednesday, June 28th, 1967 at 3.30 p.m.

# Directors and Officers

### Board of Directors

*Hyman Bessin, Ottawa
Donald E. Boxer, Toronto
Michael H. Caine, London, England
John J. Dawson, Hamilton
*George Forzley, Winnipeg
Henry R. B. Kirkpatrick, Vancouver
Frederick H. Peacock, Calgary
Dr. Nathan Schecter, Ottawa
*Nathan Starr, C.A., Toronto
*Donald J. Wilkins, Toronto
Joseph Wolinsky, Winnipeg
*Leonard Wolinsky, Toronto
Max Wolinsky, Q.C., Winnipeg

**Members of Executive Committee*

### Officers

Leonard Wolinsky, *Chairman of the Board*

Hyman Bessin, *President*

Nathan Starr, C.A., *Executive Vice-President and Secretary-Treasurer*

George Forzley, *Senior Vice-President and General Manager*

John J. Dawson, *Vice-President, Ontario division*

Donald J. Dawson, *Vice-President, Manitoba division*

Henry R. B. Kirkpatrick, *Vice-President, British Columbia division*

Arnold H. Main, *Vice-President, Saskatchewan division*

Norman A. Peden, *Vice-President, Alberta division*

Leonard G. Walker, C.A., *Assistant Secretary-Treasurer*

Samuel H. Blank, *Director of Purchasing*

Leonard T. Kenna, *Vice-President, Administration and Control*

Alex Kozma, *Assistant to the Senior Vice-President*

### Transfer Agents

The Canada Trust Company,
Toronto, Winnipeg and Montreal

Shares listed on Toronto and
Winnipeg Stock Exchanges

### Counsel

Sokolov, Wolinsky and Company, Winnipeg

### Auditors

Thorne, Mulholland, Howson & McPherson

### Fiscal Agents

Fry & Company Limited, Toronto

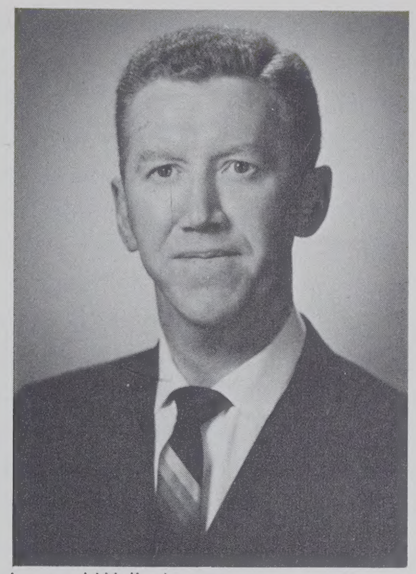
### Head Office

125 Higgins Ave., Winnipeg 2, Manitoba

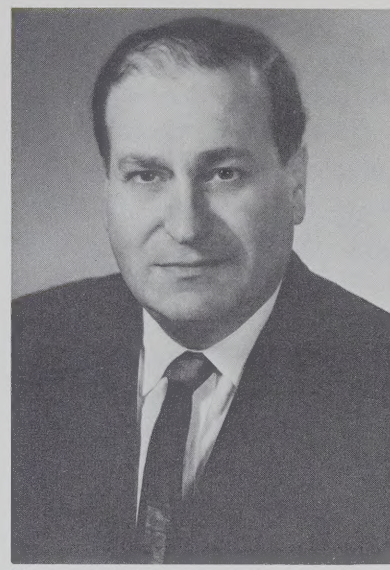
# Highlights

| | 1966 | 1965 |
|---|---|---|
| **Sales** | **$19,838,899** | **$16,899,600** |
| Income before depreciation, interest and income taxes | $ 1,262,295 | $ 868,921 |
| Depreciation | $ 222,874 | $ 129,921 |
| Interest | $ 153,906 | $ 128,663 |
| | $ 376,780 | $ 258,584 |
| Income before income taxes | $ 885,515 | $ 610,337 |
| Income taxes | $ 425,000 | $ 240,200 |
| **Net Income** | **$ 460,515** | **$ 370,137** |
| Working Capital | $ 3,555,793 | $ 3,313,404 |
| Number of branches | 36 | 33 |
| Preference shares outstanding | 39,675 | 40,000 |
| Common shares outstanding | 483,479 | 458,479 |
| Equity per preference share | $ 109.20 | $ 97.43 |
| **Equity per common share** | **$ 6.91** | **$ 6.32** |
| Earnings per preference share | $ 11.61 | $ 9.25 |
| **Earnings per common share (after preference dividends)** | **$ .83** | **$ .68** |
| Dividends paid preference shareholders | $ 59,731 | $ 60,000 |
| Dividends paid common shareholders | $ 58,018 | $ 45,848 |

# Directors' Report



Leonard Wolinsky



Hyman Bessin

**To the shareholders:**

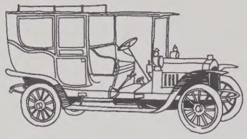
This annual report comes to you at a time when Acklands is in the midst of the most important growth phase of its long history. Your directors believe that the current expansion of assets and earning power will place Acklands in the forefront of Canadian companies in the field of wholesale distribution.

### Financial Results

The events of the last few months, and particularly the acquisition of the Booker Group of wholesale distribution companies in Canada, tend to overshadow the remarkable progress and success achieved by Acklands during the year ended November 30th, 1966, a year in which new records in sales and profits were set by your company. As shown in the financial statements forming part of this report, consolidated sales of Acklands and its subsidiaries in 1966 were $19,838,-899 as compared to $16,899,600 in 1965, an increase of $2,939,299 or 17.4% over last year's sales. In spite of increased write-offs for depreciation and higher interest charges incurred during the year under review, income before taxes rose to $885,515 as compared to $610,337 in 1965, showing an increase of more than 45% and net profit after income taxes climbed to $460,515 as against $370,137 for the previous year. Earnings per common share, after providing for dividends on preference shares, rose from 68¢ to 83¢, a new high in the company's history. Working capital further increased by $242,389 to reach $3,555,793 by the end of the fiscal year.

### Current Expansion

In December 1966 the company acquired a number of Canadian wholesale distributing firms from Booker Brothers, McConnell and Co. Ltd. of London, England, by purchasing 100% of the issued and outstanding shares of Prairie Pacific Distributors Ltd. ("PPD") of Edmonton which in turn owned or controlled some 14 other companies. At the same time your company also agreed to acquire from certain of its principal officers and directors all the shares of four other companies owned or controlled by them, namely, Johnston Appliances Ltd., J. J. Dawson Limited, Lee-Bern Electronics Limited and K & M Hardware Company Limited. The purchase price of the shares of each group of companies was set on the same basis, namely, their consolidated net worth or combined net worth respectively, as at December 31st, 1966. In the case of PPD, the net worth was to be determined by its auditors together with the auditors of your com-



pany. As to the other four above mentioned companies which are being acquired on a non-arm's length basis (with their auditors being the same as Acklands), independent recommendations of two of your directors who have no financial interest in the sale, were obtained for presentation to the shareholders (see page 25 of this annual report). Before being finalized, this transaction requires shareholders' approval at the forthcoming annual general and special general meeting to be held on June 28th, as well as the approval of the Toronto and Winnipeg stock exchanges.

The purchase price for PPD, consisting of $6,306,486 for the shares and a loan account of $1,500,000, is $7,806,486, made up as follows:

☐ $2,000,000 cash;

☐ $3,500,000 by issuing 700,000 non-dividend bearing second preference shares, convertible into common shares in accordance with an earnings formula and with the rights and limitations more fully set out in the special resolution of the directors accompanying the notice of the annual general and special general meeting;

☐ the balance by way of floating charge debentures bearing interest at 6% per annum, with both principal and interest wholly subordinated to the requirements of the Prudential Insurance Co. of America, the senior debt holder of Acklands, in respect of earnings and working capital, but payable not later than May, 1981.

The purchase price of the shares of the other four companies is to be wholly and exclusively satisfied by the issue of 1,157,240 second preference shares ranking equally in all respects with those to be issued in connection with the acquisition of the PPD shares.

In view of the cash payment required for the purchase of the PPD shares, your company arranged for a short term bank loan which it expected to discharge by December 31st, 1967 primarily through the proceeds of the disposition of assets which were redundant to the new combined operations. Your directors are pleased to report that this loan has now been reduced to less than $600,000 and that it will be completely liquidated well before the end of the year.

The accompanying financial statements show that PPD incurred a substantial loss in 1966. This loss is partly attributable to non-recurring inventory write-downs, in addition to substantial provisions for reorganization and other costs in the interests of greater efficiency of future operations.

To avoid any possible strain on your company's working capital position, the Booker Group agreed to supply its guarantee in respect of an additional $1,000,000 in current funds; Acklands, in consideration, agreed to grant to the Booker Group an option to acquire additional treasury common shares at a price per share equal to the average closing prices on the Toronto Stock Exchange over a stipulated period. This option is exercisable after January 1st, 1970 and before December 31st, 1972. The number of shares which may be taken up under the option (but not more than 300,000) will be limited to the amount of the outstanding balance on the PPD purchase as at December 31st, 1969; if there is no balance outstanding by that date, the option shall lapse.

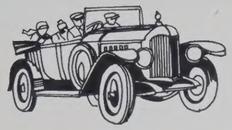
Note 1 to PPD financial statements (page 19 of this annual report) discloses a potential tax liability of approximately $500,000 in connection with income tax reassessments for the years 1962-1965 which have been, or may still be, issued with regard to some of PPD's subsidiary companies.

The Booker Group has agreed to indemnify Acklands to the extent that PPD becomes liable for payment in this respect.

Shareholder approval is indirectly required for the PPD transaction in so far as it is necessary to alter the company's charter by providing for the issue of the second preference shares, to permit the issue of the additional optioned shares (if, as and when such option is exercised) as well as to give to the company the flexibility of capitalization now permitted by the new (1964) Manitoba Companies Act. Details of such proposed alterations are contained in the special resolution mentioned above.

### Corporate Financing

Arrangements have been made with the Prudential Insurance Company of America, to retire the existing PPD loan of $3,750,000 and to increase the long term



loan to Acklands by a like amount. The overall interest rate on the company's loan has been set by Prudential at 6½% per annum. The assistance and counsel which the officers of Prudential have given your company over the years and particularly during the last several months, have contributed substantially to the present developments and to Acklands' growth.

**Operations**

The business names and the locations of the operations previously conducted by the Booker Group are: Canadian Electronics and Western Warehouse Distributors (across the west), Gillis & Warren (Manitoba and western Ontario to the Lakehead), Bowman Brothers (Saskatchewan), Western Automotive Rebuilders (Alberta and Saskatchewan), Motor Car Supply Company of Canada (Alberta) and Taylor, Pearson and Carson (Alberta and British Columbia); the business names and locations of the other operations being acquired by the company are H. C. Burton (Quebec and Ontario), K & M Hardware (Toronto), Lee-Bern Electronics (the Lakehead to Vancouver), Johnston Appliances, McLennan, McFeely & Prior, Fred C. Myers, Western Agencies, Westward Data Centre and Vanisle Equipment (British Columbia).

In addition, during the earlier part of 1966 the company acquired the business and assets of Rupert Supply House Limited at Prince Rupert, British Columbia, and now operates a branch at that location dealing in industrial products and supplies.

As a result of all the new acquisitions, the number of branches of your company and its subsidiaries now exceeds 150, extending from Montreal in the east to Vancouver Island in the west. The company's senior management team is backed by a strong group of recently appointed vice-presidents and general managers in all provinces served by Acklands, and by a central buying office in Toronto. The company has also strengthened its position in off-shore purchasing by opening its first foreign buying office in Osaka, Japan.

It gives us great pleasure to welcome Mr. Michael Caine, a director of the Booker Group, to the board of directors of your company. His experience in the worldwide operations of the Booker Group will be of great value to the Acklands' board, particularly insofar as your company's trading activities with Europe are concerned.

**Outlook**

Your management is moving rapidly and purposefully towards a complete integration of all parts of our organization into a unified, efficient and highly competitive profit-minded business structure. While the past performance of the newly acquired PPD companies is substantially below Acklands' standards, your directors are confident that they will be quickly brought up to the Acklands level of performance and profitability. Operations of these companies are being streamlined in all divisions in the interests of efficiency.

Greatly increased buying power for the entire Acklands group, together with economies resulting from integration, modern efficient business practices and computerized accounting and controls, are some of the factors which should favourably affect Acklands' overall earning capacity. In addition, future operations should be able to take advantage of a tax loss carry-forward of the newly acquired companies of approximately $4,500,000.

One of the most valuable assets of Acklands is our employees, and on behalf of the directors, we wish to express our gratitude to the company's staff at all levels. Their efforts and loyalty contributed greatly to Acklands' growth and success. We also extend thanks to our suppliers for their co-operation and to all our customers for their most valued support, which we hope to retain by continuing to give the best possible service.

Your directors look forward with confidence to the future of the company in this, the 78th and most promising year of its history, and in the second century of confederation.

On behalf of the Board,

L. Wolinsky,
Chairman
June, 1967

H. Bessin,
President

# Consolidated Balance Sheet

(With comparativ

## Assets

| | 1966 | 1965 |
|---|---|---|
| **Current assets:** | | |
| Cash | $ 291,896 | $ 282,247 |
| Accounts receivable, less allowance for doubtful accounts | 3,443,137 | 2,887,894 |
| Inventories, at lower of cost and net realizable value | 5,228,438 | 4,612,022 |
| Prepaid expenses | 61,451 | 52,216 |
| | 9,024,922 | 7,834,379 |
| **Other assets:** | | |
| Cash for preference share purchase | 50,000 | 44,422 |
| Non-current accounts receivable | 57,596 | 72,088 |
| Special refundable tax | 17,079 | — |
| | 124,675 | 116,510 |
| **Fixed assets, at cost:** | | |
| Land | 487,726 | 498,737 |
| Buildings | 1,826,832 | 1,787,131 |
| Equipment | 1,468,493 | 1,347,356 |
| Leasehold improvements | 62,287 | 36,701 |
| | 3,845,338 | 3,669,925 |
| *Less:* Accumulated depreciation | 1,103,834 | 899,861 |
| | 2,741,504 | 2,770,064 |
| **Unamortized debenture and share issue costs** | 181,926 | 194,565 |
| **Intangibles:** | | |
| Excess of cost of shares in subsidiaries over book value at acquisition | 154,664 | 141,743 |
| Goodwill, at cost | 5,001 | 5,001 |
| | 159,665 | 146,744 |
| | $12,232,692 | $11,062,262 |

**Approved on behalf of the Board**

Nathan Starr, *Director* George Forzley, *Director*

*The accompanying notes are a*

**Auditors' Report**

*To the Shareholders of Acklands Limited:*

We have examined the consolidated balance sheet of Acklands Limited and its subsidiary companies as at November 30, 1966, and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

## November 30, 1966
gures for 1965)

### Liabilities

| | 1966 | 1965 |
|---|---|---|
| **Current liabilities:** | | |
| Bank loans, secured by assignment of book debts | $ 2,085,000 | $ 2,094,000 |
| Accounts payable and accrued liabilities | 2,803,547 | 2,114,771 |
| Income and refundable taxes payable | 443,139 | 176,016 |
| Principal instalments due within one year on long-term liabilities | 137,443 | 136,188 |
| | 5,469,129 | 4,520,975 |
| **Long-term liabilities** (note 2) | 2,431,154 | 2,644,004 |
| | $ 7,900,283 | $ 7,164,979 |

### Shareholders' Equity

| | 1966 | 1965 |
|---|---|---|
| **Capital stock** (notes 2, 3 and 5): | | |
| Authorized: | | |
| 39,675 6% cumulative redeemable preference shares, par value $25 each (after giving effect to the purchase of 325 shares during the current year). | | |
| 2,000,000 common shares without par value. | | |
| Issued: | | |
| 39,675 preference shares (40,000 shares in 1965) | $ 991,875 | $ 1,000,000 |
| 483,479 common shares (458,479 shares in 1965) | 1,204,300 | 1,104,300 |
| | 2,196,175 | 2,104,300 |
| **Contributed surplus,** arising on purchase of preference shares | 485 | — |
| **Retained earnings** | 2,135,749 | 1,792,983 |
| | 4,332,409 | 3,897,283 |
| | $12,232,692 | $11,062,262 |

*tegral part of this statement.*

In our opinion, the above mentioned consolidated financial statements present fairly the financial position of the companies as at November 30, 1966, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne, Mulholland, Howson & McPherson

Winnipeg, Canada, Chartered Accountants
May 26, 1967.

## Consolidated Statement of Income

Year ended November 30, 1966 (With comparative figures for 1965)

| | 1966 | 1965 |
|---|---|---|
| Sales | $19,838,899 | $16,899,600 |
| Cost of sales, selling and administrative expenses | 18,446,482 | 15,916,282 |
| | 1,392,417 | 983,318 |
| **Deduct:** | | |
| Depreciation | 222,874 | 129,921 |
| Amortization of debenture and share issue costs | 12,922 | 12,197 |
| Interest on long-term liabilities | 153,906 | 128,663 |
| Remuneration of directors for services as directors and officers | 117,200 | 102,200 |
| | 506,902 | 372,981 |
| Income before undernoted taxes | 885,515 | 610,337 |
| Taxes on income (note 4) | 425,000 | 240,200 |
| **Net income for year** | $ 460,515 | $ 370,137 |

## Consolidated Statement of Retained Earnings

Year ended November 30, 1966 (With comparative figures for 1965)

| | 1966 | 1965 |
|---|---|---|
| Retained earnings at beginning of year | $ 1,792,983 | $ 1,528,694 |
| Net income for year | 460,515 | 370,137 |
| | 2,253,498 | 1,898,831 |
| **Dividends paid:** | | |
| On preference shares | 59,731 | 60,000 |
| On common shares | 58,018 | 45,848 |
| | 117,749 | 105,848 |
| **Retained earnings at end of year** | $ 2,135,749 | $ 1,792,983 |

## Consolidated Statement of Source and Application of Funds

Year ended November 30, 1966 (With comparative figures for 1965)

| | 1966 | 1965 |
|---|---|---|
| **Source of funds:** | | |
| Operations: | | |
| Net income for year | $ 460,515 | $ 370,137 |
| *Add:* Charges which do not involve an outlay of funds: | | |
| Depreciation | 222,874 | 129,921 |
| Amortization of deferred charges | 12,922 | 18,497 |
| | 696,311 | 518,555 |
| Sale of fixed assets | 49,619 | 38,972 |
| Net proceeds from refinancing 6¾% debentures | — | 720,000 |
| Proceeds from sale of investments and notes receivable of subsidiary acquired during 1965 | — | 406,831 |
| Working capital (deficiency) of subsidiaries at date of acquisition | 15,102 | (65,502) |
| Common shares issued for cash | 10,000 | — |
| Decrease in other assets | 29,444 | — |
| | 800,476 | 1,618,856 |
| **Funds applied:** | | |
| Additions to fixed assets | 242,315 | 281,567 |
| Instalments on long-term liabilities, including instalments due in one year | 137,443 | 91,188 |
| Dividends paid | 117,749 | 105,848 |
| Special refundable tax | 17,079 | — |
| Purchase of preference shares for cancellation | 7,640 | — |
| Debenture and other costs deferred | — | 22,965 |
| Goodwill purchased | — | 5,000 |
| Increase in other assets | 5,861 | 30,997 |
| Cost of investment in subsidiary companies | 30,000 | 600,000 |
| | 558,087 | 1,137,565 |
| Increase in working capital | 242,389 | 481,291 |
| Working capital at beginning of year | 3,313,404 | 2,832,113 |
| **Working capital at end of year** | $ 3,555,793 | $ 3,313,404 |

# Notes to Consolidated Financial Statements

Year ended November 30, 1966

### 1. Basis of consolidation:

The consolidated financial statements include the accounts of all subsidiaries, all of which are wholly-owned; T. H. Peacock Distributors Ltd., United Industrial-Automotive Co. (Lakehead) Limited, Westward Investments Limited, Steel Distributors, Limited, Acklands Industrial Limited, Trade-Way Limited and Rupert Industrial Supplies Limited.

### 2. Long-term liabilities:

| | 1966 | 1965 |
|---|---|---|
| 6¾% debentures, payable $60,000 semi-annually 1966 to 1980 | $1,680,000 | 1,800,000 |
| Non-interest bearing subordinated debentures, payable by the issuance of 22,500 common shares on January 1, 1967 to 1970, inclusive, (since November 30, 1966, 22,500 shares have been issued in settlement of $90,000 of debentures outstanding) | 360,000 | 450,000 |
| 6¼% and 7% mortgages maturing 1982 to 1991 | 528,597 | 530,192 |
| | 2,568,597 | 2,780,192 |
| *Less* Payments due in one year | 137,443 | 136,188 |
| | $2,431,154 | 2,644,004 |

### 3. Stock option:

Pursuant to an agreement entered into in 1964, an officer of the company was granted an option, expiring December 31, 1968, to purchase 20,000 common shares of the company's capital stock at $4 per share. On December 31, 1965, the officer exercised his option by acquiring 2,500 shares for $10,000 and, subsequent to November 30, 1966, the balance of the option to acquire 17,500 shares for $70,000 was exercised.

### 4. Taxes on income:

The taxes on income for the current year are after a reduction of $4,300, because of the company's intention to claim for tax purposes depreciation in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been reduced by claiming for tax purposes excess depreciation and other expenses not written off in the accounts, is $242,600.

### 5. Subsequent transactions (subject to shareholders' approval):

(a) Pursuant to an agreement dated November 30, 1966, and amended May 25, 1967, the company is to acquire all of the issued and outstanding common shares of Prairie Pacific Distributors Limited for the greater of $6,000,000 or the "consolidated net worth" of the company as of December 31, 1966. Payment of the purchase price was and is to be paid as follows:

(i) The first $2,000,000 in cash on the closing date, December 29, 1966:

(ii) The next $3,500,000 by issuing to the vendor, as fully paid and non-assessable, 700,000 junior, voting, non-dividend bearing, non-redeemable preference shares of Acklands Limited of the par value of $5 each, convertible, according to an earnings formula, into 700,000 common shares without par value;

(iii) The balance, including advances of approximately $1,500,000 by the vendor to Prairie Pacific Distributors Limited, by issuing to the vendor subordinated (as to principal and interest) floating charge debentures; the aggregate principal amount of such debentures shall mature in four approximately equal instalments on December 31, 1968, 1969, 1970 and 1971; such debentures are to bear interest at the rate of 6% per annum from January 1, 1967; accrued interest on debentures is to be paid on February 15 of each year succeeding the maturity dates of debentures provided payments have not been subordinated; under the terms of such

subordination, all payments may be required to be postponed until May, 1981;

(iv) In consideration for the vendor's undertaking to guarantee current borrowings of Acklands Limited up to $1,000,000 as required, the vendor is granted an option to subscribe for a maximum of 300,000 common shares of Acklands Limited at a price equal to the average of the closing prices on Toronto Stock Exchange for each day during a stipulated three-month period (hereafter called the option price); such option is exercisable by the vendor, its successors or assigns, in whole at any time or in part from time to time during the period January 1, 1970 to December 31, 1972, inclusive, but in any event the number of shares which may be acquired multiplied by the "option price" may not be in excess of the debentures and accrued interest outstanding on December 31, 1969.

(b) Pursuant to an agreement dated as of November 30, 1966, the company proposes to acquire, from certain of its directors and others, all the issued and outstanding shares of J. J. Dawson Limited, K & M Hardware Company Limited, Lee-Bern Electronics Limited and Johnston Appliances Ltd. for a price equal to their "combined consolidated net worth" as at December 31, 1966, to be wholly satisfied by issuing, to the vendors of such shares, junior voting preference shares of the company of the par value of $5 each, convertible on an earnings formula pari passu with the junior preference shares referred to in (a) above; such "combined consolidated net worth" of such companies at December 31, 1966, amounted to $5,786,200.

(c) The company proposes to make application for Supplementary Letters Patent to increase its authorized capital to the extent required by Notes (a) and (b) above; such application shall also seek authorization to permit the company to increase the maximum consideration for which its 2,000,000 common shares, without par value, may be issued for in the aggregate from $2,000,000 to $4,000,000, and thereafter to such additional maximum aggregate consideration as the directors may, by resolution, determine.

## 10 Year Reco

| | 1966 | 1965 | 1964 | 1963 |
|---|---|---|---|---|
| **Sales** | $19,838,899 | $16,899,600 | $12,578,025 | $12,272,781 |
| Income before undernoted items | 1,262,295 | 868,921 | 647,733 | 495,426 |
| Depreciation | 222,874 | 129,921 | 85,530 | 64,677 |
| Interest | 153,906 | 128,663 | 109,718 | 104,783 |
| | 376,780 | 258,584 | 195,248 | 169,460 |
| Income before taxes | 885,515 | 610,337 | 452,485 | 325,966 |
| Taxes on Income | 425,000 | 240,200 | 201,500 | 125,500 |
| **Net Income** | $ 460,515 | $ 370,137 | $ 250,985 | $ 200,466 |
| Net Income per share | | | | |
| Preferred | $ 11.61 | 9.25 | 6.27 | 5.01 |
| Common | $ .83 | .68 | .42 | .35 |
| **Working Capital** | $ 3,555,793 | 3,345,521 | 2,864,230 | 2,421,916 |
| **Shareholders' Equity** | $ 4,332,409 | 3,897,283 | 3,632,994 | 3,237,857 |
| Equity per Share | | | | |
| Preferred | $ 109.20 | 97.43 | 90.82 | 80.95 |
| Common | $ 6.91 | 6.32 | 5.74 | 5.56 |
| Shares Issued | | | | |
| Preferred | 39,675 | 40,000 | 40,000 | 40,000 |
| Common | 483,479 | 458,479 | 458,479 | 402,300 |
| Dividends Paid | | | | |
| Preferred | $ 59,731 | 60,000 | 60,000 | 60,000 |
| Common | $ 58,018 | 45,848 | 45,848 | 40,230 |
| Number of Branches | 36 | 33 | 30 | 27 |

## d of Growth

| 1962 | 1961 | 1960 | 1959 | 1958 | 1957 |
|---|---|---|---|---|---|
| $11,526,144 | $ 9,342,251 | $ 7,564,737 | $ 6,746,000 | $ 5,596,706 | $ 5,754,130 |
| 318,934 | 533,344 | 368,522 | 380,984 | 285,568 | 186,470 |
| 47,306 | 44,849 | 24,396 | 22,333 | 25,368 | 22,612 |
| 80,658 | 73,971 | 24,274 | 2,343 | 2,769 | 3,198 |
| 127,964 | 118,820 | 48,670 | 24,676 | 28,137 | 25,810 |
| 190,970 | 414,524 | 319,852 | 356,308 | 257,431 | 160,660 |
| 18,200 | 199,392 | 144,025 | 170,510 | 114,700 | 70,200 |
| $ 172,770 | $ 215,132 | $ 175,827 | $ 185,798 | $ 142,731 | $ 90,460 |
| 4.32 | | (See Note below) | | | |
| .33 | | | | | |
| 2,938,422 | 1,429,138 | 1,562,113 | 1,198,447 | 1,040,055 | 957,933 |
| 3,121,621 | 1,490,175 | 1,350,745 | 1,236,537 | 1,074,923 | 962,922 |
| 78.04 | | | | | |
| 5.27 | | | | | |
| 40,000 | Nil | 705 | 705 | 705 | 705 |
| 402,300 | 302,300 | 3,023 | 3,023 | 3,023 | 3,023 |
| 38,800 | — | 4,935 | 1,939 | — | — |
| 40,230 | 75,575 | 24,184 | 32,497 | 30,756 | 120,920 |
| 22 | 19 | 15 | 7 | 6 | 6 |

NOTE: Earnings and equities per share have not been shown prior to 1962, as these would not be comparable.

## Consolidate
Decemb

### Assets

| | | |
|---|---|---|
| **Current:** | | |
| Cash | | $ 404,148 |
| Accounts receivable— | | |
| Trade | | 6,854,670 |
| Other | | 1,755,963 |
| Prepaid expenses | | 43,529 |
| Inventories—valued at lower of cost or net realizable value | | 11,569,533 |
| Total current assets | | 20,627,843 |
| **Other:** | | |
| Investments—at cost less amounts written off | 5,450 | |
| Special refundable tax | 6,405 | |
| Total other assets | | 11,855 |
| **Fixed:** | | |
| Land, buildings and equipment—at cost | $ 8,745,841 | |
| *Less:* Accumulated depreciation | 3,872,646 | |
| Total fixed assets | | 4,873,195 |
| | | $25,512,893 |

*The accompanying notes are*

**Approved on beha**

Nathan Starr, *Director*

**Auditors' Report**

To the Shareholders of
Prairie Pacific Distributors Limited:

We have examined the consolidated balance sheet of Prairie Pacific Distributors Limited and subsidiary companies as at December 31, 1966 and the statements of consolidated profit and loss and deficit for the year ended on that date. Our examination of the financial statements of Prairie Pacific Distributors Limited (the parent company) and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have

DISTRIBUTORS LIMITED
he laws of Canada)

# Balance Sheet
31, 1966

## Liabilities

| | | |
|---|---|---|
| **Current:** | | |
| Bank loans and overdrafts | | $ 6,412,340 |
| Accounts payable and accrued charges | | 7,044,657 |
| Portion of long-term debt due within one year | | 279,751 |
| Estimated income taxes payable | | 1,158 |
| Total current liabilities | | 13,737,906 |
| **Other:** | | |
| Due to parent company | $ 1,500,000 | |
| Mortgages payable | 68,252 | |
| Serial notes payable—maturing at $250,000 per annum (see note 3) | 3,750,000 | |
| | 5,318,252 | |
| *Less:* Portion shown as current liability | 279,751 | |
| Total other liabilities | | 5,038,501 |
| **Minority interest in preferred shares of subsidiary company** | | 430,000 |
| **Shareholders' Equity:** | | |
| Share capital— | | |
| Authorized: | | |
| 2,000,000 common no par value shares of which 1,642,999 are issued for a consideration of | 8,241,662 | |
| Consolidated deficit | (1,935,176) | |
| Total shareholders' equity | | 6,306,486 |
| | | $25,512,893 |

ntegral part of this statement.

f the Board

George Forzley, *Director*

examined the financial statements of the other subsidiaries.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and deficit present fairly the financial position of the companies as at December 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for special charges to profit and loss in the amount of $1,123,298 described in note 6.

Clarkson, Gordon & Co

Edmonton, Alberta,
June 5, 1966.

Clarkson, Gordon & Co.
Chartered Accountants

## Consolidated Statement of Deficit

For the year ended December 31, 1966

| | |
|---|---|
| **Surplus** arising on consolidation: | |
| Balance, beginning of year, unchanged | $ 664,649 |
| **Deficit:** | |
| Surplus, beginning of year | 1,770,901 |
| Net loss for the year after special charges | 4,370,726 |
| Deficit, end of year | 2,599,825 |
| **Consolidated deficit** | $ 1,935,176 |

## Consolidated Statement of Profit and Loss

For the year ended December 31, 1966

| | | |
|---|---|---|
| Sales | | $47,109,550 |
| **Loss** before providing for the undernoted items | | $ 2,078,928 |
| Depreciation | $ 365,448 | |
| Interest on borrowed money | 687,491 | |
| Directors' remuneration | 132,650 | 1,185,589 |
| Loss on operations | | 3,264,517 |
| Net profit on sale of fixed assets and investments | | 38,589 |
| | | 3,225,928 |
| Preferred dividends of subsidiary | | 21,500 |
| Net loss for year before special charges | | 3,247,428 |
| Special charges (note 6) | | 1,123,298 |
| Net loss for year after special charges | | $ 4,370,726 |

## Notes to Consolidated Financial Statements

December 31, 1966

**1.** Income tax reassessments have been issued since the year-end with respect to some of the subsidiary companies for the years 1963 and 1964. Other items are under discussion with the Department of National Revenue which could lead to further reassessments covering the years 1962 to 1965. The company intends to contest the major elements in the reassessments received or to be received. The tax reassessed amounts to approximately $101,000 and the potential tax which might be reassessed amounts to an additional $400,000.

**2.** The companies are contingently liable for customers' contracts discounted $163,000 and employee bank loans guaranteed $28,000.

A legal action has been commenced since the year-end by a supplier in connection with the delivery of certain goods with a value of $75,000. A set-off and counterclaim has been entered by the company for overcharges and damages.

**3.** The serial notes payable are secured by first floating charges on the undertaking and all the assets of the company and its subsidiaries.

The company is in default under certain provisions of the trust deed and a revision of the covenants is being negotiated.

The amount due to parent company, $1,500,000, is subordinated to the serial notes payable.

**4.** The company is committed under long term leases, which expire between 1967 and 1995, for annual rental payments aggregating $370,000 in 1967 and varying amounts thereafter as the leases expire.

**5.** Accounts receivable are pledged against bank indebtedness.

**6.** Following a change in ownership of the company in December 1966, a reorganization of management personnel and policy has resulted in special charges against operations in 1966 of $1,123,298 of which $580,893 represents exceptional devaluation of inventory as at December 31, 1966 and $542,405 represents provisions for reorganization costs expended early in 1967.

## Combined Balanc

### Assets

| | | |
|---|---|---|
| **Current assets:** | | |
| Cash | $ 342,716 | |
| Accounts receivable | 4,439,511 | |
| Inventories, at lower of cost and net realizable value | 5,552,983 | |
| Current portion of mortgages and notes receivable | 93,525 | |
| Prepaid expenses | 133,548 | $10,562,283 |
| **Other assets:** | | |
| Special refundable tax | 16,984 | |
| Cash surrender value, life insurance | 46,649 | |
| Mortgages and notes receivable, less $93,525 due within one year, included under current assets | 17,381 | |
| Receivable from Acklands Limited | 442,442 | 523,456 |
| **Fixed assets** (note 2): | | |
| Land | 580,597 | |
| Buildings | 1,816,077 | |
| Equipment | 1,091,941 | |
| | 3,488,615 | |
| *Less* Accumulated depreciation | 387,644 | 3,100,971 |
| **Goodwill** | | 1 |
| | | $14,186,711 |

*The accompanying notes are*

**Auditors' Report**

We have examined the combined balance sheet of the above companies as at December 31, 1966, and the combined statements of income and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Except for the reductions of depreciation referred to in note 2, we report that, in our opinion, the combined

**heet** December 31, 1966

## Liabilities

| | | |
|---|---|---|
| **Current liabilities:** | | |
| Bank advances (note 3) | $ 2,427,471 | |
| Accounts payable and accrued liabilities | 4,012,051 | |
| Income and refundable taxes payable | 29,108 | |
| Current portion of long-term liabilities | 301,231 | $ 6,769,861 |
| **Loans from and guaranteed by shareholders** | | 259,443 |
| **Long-term liabilities** (note 4): | | |
| Mortgages, debentures and notes payable, less $301,231 due within one year, included under current liabilities | | 1,098,207 |
| **Minority interest in preferred shares of subsidiary company** | | 273,000 |

## Shareholders' Equity (note 5)

| | | |
|---|---|---|
| **Capital stock** | 831 | |
| **Surplus** | 5,785,369 | 5,786,200 |
| | | $14,186,711 |

Contingent liabilities and commitments (note 7)

*egral part of this statement.*

financial statements mentioned above present fairly the financial position of the companies as at December 31, 1966, and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Thorne, Mulholland, Howson & McPherson.
Winnipeg, Canada, Chartered Accountants
May 12, 1967.

## Combined Statement of Surplus

Year ended December 31, 1966 (With comparative figures for 1965)

| | 1966 | 1965 |
|---|---|---|
| **Excess of book value of underlying assets of subsidiary company over cost of shares:** | | |
| Balance at beginning of year | $ 3,489,574 | $ 3,489,574 |
| Add: | | |
| Increment arising on purchase of preference shares of such subsidiary at less than par value | 2,419 | — |
| **Balance at end of year** | 3,491,993 | 3,489,574 |
| **Excess of appraised values of fixed assets over depreciated cost** (note 2): | | |
| Balance at beginning of year | 2,467,594 | 2,526,665 |
| Deduct: | | |
| Transfer to retained earnings that part pertaining to revalued assets sold during the year | 350,385 | 59,071 |
| **Balance at end of year** | 2,117,209 | 2,467,594 |
| **Retained earnings (deficit):** | | |
| Balance at beginning of year | (345,647) | 129,506 |
| Add: | | |
| Net income (loss) for year | 519,823 | (123,545) |
| Profit on sale of investments | — | 86,818 |
| Transfer from appraisal account, adjusted by profits or losses on sale of fixed assets | 19,518 | 184,527 |
| | 193,694 | 277,306 |
| Deduct: | | |
| Dividends paid to minority preferred shareholders of subsidiary company | 12,442 | 23,311 |
| Non-recurring expenses | 5,085 | 599,642 |
| | 17,527 | 622,953 |
| **Balance at end of year** | 176,167 | (345,647) |
| **Surplus at end of year** | $ 5,785,369 | $ 5,611,521 |

## Combined Statement of Income

Year ended December 31, 1966 (With comparative figures for 1965)

| | 1966 | 1965 |
|---|---|---|
| Sales | $24,917,806 | $22,021,679 |
| Cost of sales, selling and administrative expenses, except those set out below | 24,084,642 | 21,849,969 |
| | 833,164 | 171,710 |
| Deduct: | | |
| Depreciation | 82,701 | 83,763 |
| Interest on long-term liabilities | 99,340 | 112,992 |
| Remuneration of directors for services as directors and officers | 118,700 | 98,500 |
| | 300,741 | 295,255 |
| Income (loss) before undernoted taxes | 532,423 | (123,545) |
| Taxes on income (note 6) | 12,600 | — |
| **Net income (loss) for year** (note 2) | $ 519,823 | $ (123,545) |

## Notes to Combined Financial Statements

Year ended December 31, 1966

**1. Basis of combination:**

The combined financial statements include the accounts of the following companies as at December 31, 1966:

**Johnston Appliances Ltd.** (parent company):

Subsidiary company:

McLennan, McFeely & Prior Limited (100% of common shares and 77.3% of preferred shares)

Wholly-owned subsidiary companies:

Westward Realties Limited
Fred C. Myers Limited
Western Agencies Limited
Vanisle Equipment Limited
Mc & Mc Trading Company Limited
Westward Data Centre Limited

Non-operating companies:

Sundown Shipping Company Limited
Sunset Electrical Limited
Sunset Furniture Limited
Vernon Powder Company Limited
Mercury Plastics Limited
Devon Acceptance Limited

**J. J. Dawson Limited** (parent company):

Wholly-owned subsidiary company:

H. C. Burton Company Limited

**Lee-Bern Electronics Limited** (parent company):

Wholly-owned subsidiary companies:

Provincial Acceptance Corporation Limited
Radio Supply (1965) Company Limited

**K & M Hardware Company Limited**

**2. Fixed assets and depreciation:**

In 1963, the net carrying value of most of the fixed assets of the Johnston group of companies was restated to current market values, as estimated by the directors, through the reversal of depreciation recorded in prior periods. The adjustment so made was credited to Excess of appraised values of fixed assets over depreciated cost. Fixed asset additions of this group of companies, subsequent to 1963, are at cost and all fixed assets of other companies are at cost.

As at December 31, 1966, the fixed assets of the Johnston group of companies were reappraised by the

## Notes to Combined Financial Statements (Cont'd)

Canadian Appraisal Company Limited. The appraised value of these assets, $2,506,117 (the cost of replacement value less depreciation) approximates the current net carrying value of these fixed assets, which is $2,579,230.

Since the revaluation in 1963, full depreciation has not been recorded on certain of the fixed assets referred to in the preceding paragraphs. Net income for the years 1966 and 1965 does not reflect estimated depreciation charges of $101,971 and $129,840, respectively. Had depreciation been recorded subsequent to 1963, it would have been necessary to increase the appraisal account to give effect to the reappraisal at December 31, 1966, referred to in the preceding paragraph.

**3. Bank advances:**

Bank advances are secured by assignment of book debts and a fixed and floating charge debenture for $4,100,000 on the assets of one of the Johnston group of companies.

**4. Long-term liabilities:**

Mortgages and agreements repayable in monthly instalments:

| | | |
|---|---|---|
| 8% due May 1, 1969 | $ 119,333 | |
| 6½% due July 23, 1972 | 100,500 | |
| 7% due January 1, 1973 | 139,650 | |
| 6% due March 1, 1975 | 156,045 | |
| 7¼% due January 1, 1981 | 115,762 | |
| 7% due September 1, 1985 | 72,208 | |
| | 703,498 | |
| *Less:* Instalments included under current liabilities | 54,160 | $ 649,338 |
| 5.75% debenture due January 1, 1970, payable $80,000 per annum | 320,000 | |
| *Less:* Instalment included under current liabilities | 80,000 | 240,000 |
| Other mortgages and notes, less instalments of $167,071 included under current liabilities | | 208,869 |
| | | $1,098,207 |

**5. Shareholders' equity:**

| | Capital Stock | Surplus (Deficit) |
|---|---|---|
| Johnston Appliances Ltd. and wholly-owned subsidiary companies | $200 | $5,537,198 |
| J. J. Dawson Limited and wholly-owned subsidiary company | 500 | 289,122 |
| Lee-Bern Electronics Limited and wholly-owned subsidiary companies | 100 | (38,749) |
| K & M Hardware Company Limited | 31 | (2,202) |
| | $831 | $5,785,369 |

**6. Taxes on income:**

Taxes on income of certain of the companies have been reduced by the application of previous years' losses against the current year's income.

The Johnston companies have not been finally assessed for income taxes since their reorganization in 1963 and, accordingly, their overall tax position is not definitive. The estimated loss carry forwards available in these companies are approximately $500,000.

**7. Contingent liabilities and commitments:**

As at December 31, 1966, one of the companies of the Johnston group was guarantor of obligations of affiliated companies and others totalling approximately $1,375,000. Of this amount, $1,000,000 relates to Northwest Community Video Ltd. and Community Video (Nelson) Ltd., which companies are engaged in cable television operations in British Columbia. The present controlling shareholders of the Johnston group of companies have personally indemnified the guarantor against any loss should a claim be made under the guarantee. Subsequent to December 31, 1966, this company has been released from its other guarantee obligations totalling approximately $375,000.

Certain of the companies have commitments under various leases extending through to 1977 which, after recoveries from sub-tenants (principally government agencies) totalling $500,000, provide for total future net rentals of approximately $520,000.

Past service pension commitments amount to $52,000.

1,806,000
5,785,000
13,591,000

To the Directors,
Acklands Limited

At the Meeting of the Board of Directors of Acklands Limited held in Vancouver on October 12, 1966, Messrs. Boxer and Wilkins, as disinterested Directors, were authorized to obtain an independent determination of the value of assets which it was proposed that Acklands Limited would acquire through the acquisition of shares of the group of Companies known as Johnston Appliances Ltd., J. J. Dawson Limited, Lee-Bern Electronics Limited, and K & M Hardware Company Limited and their subsidiary companies.

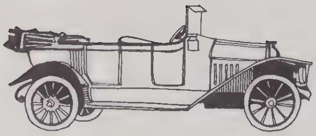
For the purposes of obtaining these independent reports the services of Messrs. Price Waterhouse & Company and Canadian Appraisal Company Limited were retained. The reports requested from these sources have now been provided to Messrs. Boxer and Wilkins. Canadian Appraisal Company Limited has reported on the values of certain fixed assets owned by McLennan, McFeely & Prior Limited in British Columbia while Messrs. Price Waterhouse and Company have reported on the use of generally accepted accounting principles in the preparation of the balance sheets of Johnston Appliances Ltd., J. J. Dawson Limited, Lee-Bern Electronics Limited and K & M Hardware Company Limited.

Careful consideration of the reports of these independent experts discloses that the assets represented by the shares of the Companies being purchased appear to represent fair and reasonable value to the purchaser.

Yours very truly,

D. E. Boxer

D. J. Wilkins



## Acklands in its 78th year

### 100 million dollar turnover based on founder's formula

A historical review by Richard F. Robinow

If one of the essential ingredients of commercial success is timing, another is certainly hard work.

Acklands Limited owes its present dominant position as one of Canada's largest and most diversified wholesale concerns to both timing and hard work. A faithful adherence to the founder's success formula of "Get your customer the best product at the best price, and quickly!" guarantees a remarkable record of customer satisfaction.

The founder was Dudley Ackland, a carpenter lured from his native Ontario by the promise of the new West. Ackland was 47 when, with perfect timing, he set up a small hardware, farm implement, wagon repair and blacksmith business in Winnipeg with his son in 1889.

At the time when D. Ackland & Son opened its doors, what the new firm's customers needed most was parts for farm wagons and other horse-drawn vehicles. These parts the Acklands began to make themselves rather than keep their clientele waiting for imports to arrive from the East on the same new railway which was then tramming eager settlers to the prairies.

The small concern quickly acquired a reputation for prompt, reliable and helpful service. And this reputation has endured as Acklands most valuable and most carefully-maintained asset to the present with a firm which now has more than 150 branch outlets and a staff of 2,000—compared to 20 people in 1904.

Following those early days, as the means and the needs of road transport became more sophisticated and complex, so did Acklands' inventories. New departments were added. Acklands' branches and warehouses sprang up in various major centres in the prairie provinces. By the end of World War II the company had attained the position of one of Canada's leading wholesale houses in its field.

In 1949 a group of investors, headed by Joseph Wolinsky, acquired control of the company from the Ackland family and operated it for ten years. When Leonard Wolinsky and Hyman Bessin bought the business from Leonard's father in 1959 they launched Acklands on a vigorous policy of expansion through new acquisitions, beginning with the purchase of T. H. Peacock Limited when the latter firm's six branches in British Columbia and Alberta were added to the Acklands network of outlets.

Further acquisitions followed from time to time. Acklands Limited, which had become the company's name in 1960, went public in 1962. Its shares are currently listed on the Toronto and Winnipeg stock exchanges.

The new management's policy of steady acquisition of established distribution businesses in Acklands own and related fields has, with notable vision, been matched by the opening of "original" Acklands branches to provide service to industry in areas where fresh needs had arisen. The Acklands branch now serving the Thompson Lake mining complex in Manitoba is one example. A branch opened at Esterhazy, one centre of Saskatchewan potash development, is another.

Perhaps the most impressive of the company's recent acquisitions was that of a group of Western distributing firms (previously owned by the Booker Group of London, England) along with a number of other Canadian wholesale businesses. Acklands Limited today is a wholesale distributor of automobile parts, steel products, ferrous and non-ferrous metals, electronic parts and supplies, communication and other electronic systems, welding supplies, equipment and gases, scales, material handling equipment, industrial refrigeration, all manner of home appliances, electric light bulbs, records and record players, television and radio sets, outboard and inboard motors, and more than 50,000 different items of industrial and mercantile hardware. In addition, Acklands operate steel service centres in Vancouver, Edmonton, Winnipeg and Toronto.

The company's operations extend from Montreal to Prince Rupert, B.C., and apart from the previously mentioned over 150 outlets, there is in addition a network of franchised retailers selling Acklands' line of mercantile hardware.

The driving force behind this continuing growth—growth that is reflected in rising profits over each succeeding fiscal year—has been a dynamic management team headed by Leonard Wolinsky, chairman of the board, Hyman Bessin, president, Nathan Starr, executive vice-president, and George Forzley, senior

vice-president and general manager of operations. These men have not lost sight of old Dudley Ackland's formula for success.

The senior management team is backed by a strong group of vice-presidents and general managers in all of the provinces that Acklands serves, and by a buying office located in Toronto which decides on product lines and suppliers. This office is headed by Sam Blank, director of purchasing.

The divisional managers in different parts of the country have a large measure of autonomy, and initiative is encouraged in all areas of the company's operations.

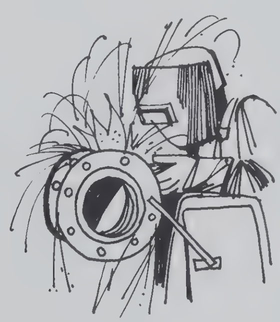
The company is alert to modern trends in business practices, office procedures, accounting and computer operations, and has an experienced administrative staff. The human element in Acklands' organization is one of its most valuable assets.

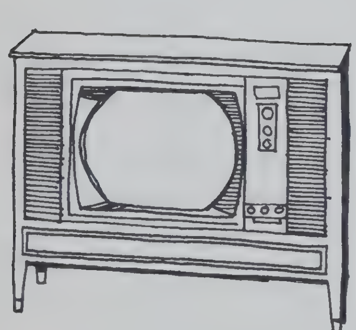
With total sales in 1967 estimated to reach between $80 million and $100 million, the buying power of the Toronto office is very great indeed—with resulting benefits to the thousands of Acklands customers from coast to coast. These benefits are further refined and accelerated by the latest in computerized inventory control and market analysis.

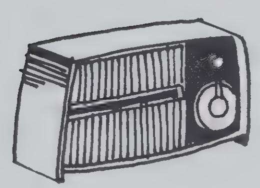
However, size is only a matter of degree.

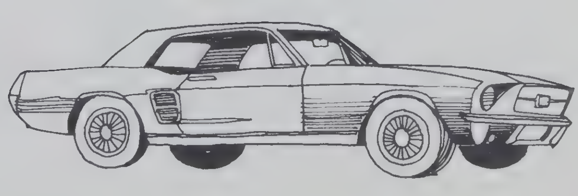
It is principles and policy that establish the character of any operation. Dudley Ackland may not have dreamt of what his able and energetic successors have accomplished and will yet accomplish, but his principle of good service, so carefully upheld by the company down the years, is the true corner-stone of the Acklands Limited of 1967.

June, 1967

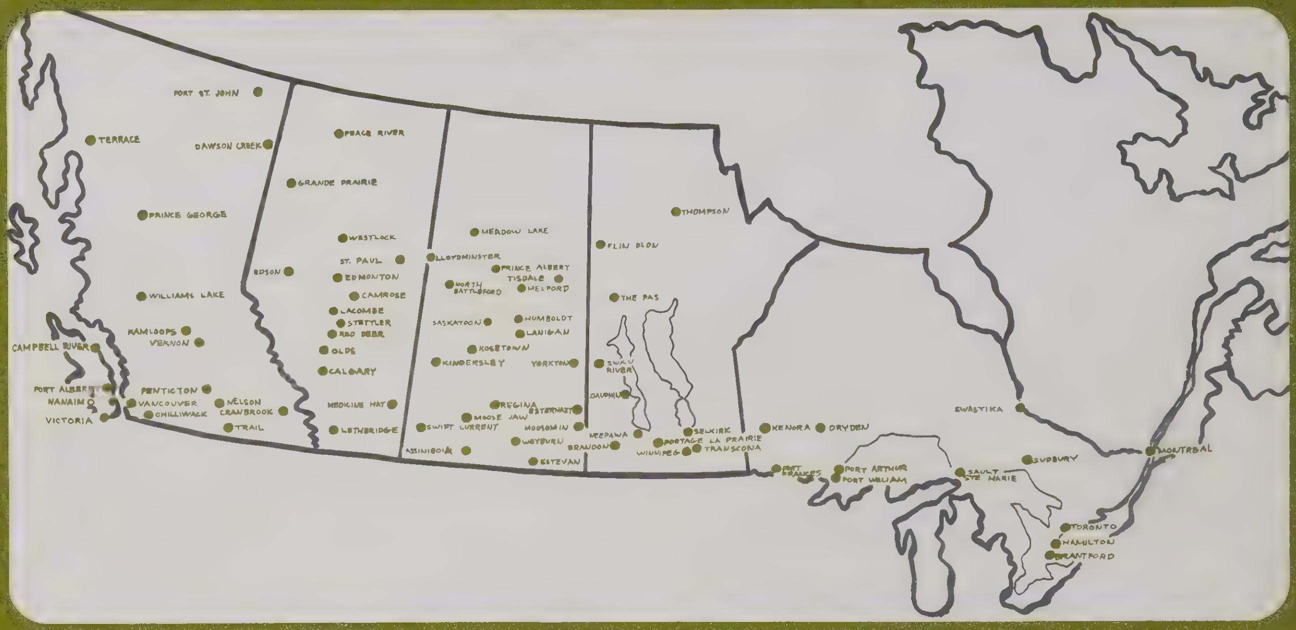








## Acklands Limited and Associate Companies and Divisions




BOWMAN BROTHERS DISTRIBUTORS LIMITED
H. C. BURTON COMPANY LIMITED
CANADIAN ELECTRONICS LIMITED
GILLIS & WARREN LIMITED
LEE-BERN ELECTRONICS LIMITED
Mc & Mc METAL SERVICES
McLENNAN, McFEELY AND PRIOR LIMITED
MOTOR CAR SUPPLY
FRED C. MYERS LIMITED
T. H. PEACOCK DISTRIBUTORS LTD.
STEEL DISTRIBUTORS LIMITED
TAYLOR, PEARSON AND CARSON LIMITED
WESTERN AGENCIES
WESTERN AUTOMOTIVE REBUILDERS
WESTERN WAREHOUSE DISTRIBUTORS LIMITED


ACKLANDS LIMITED
Head Office: 125 Higgins Avenue, Winnipeg, Manitoba



PRINTED IN CANADA

# ACKLANDS LIMITED

SERVING CANADIAN INDUSTRY SINCE 1889

AR05


ACKLANDS LIMITED

# 1966 INTERIM REPORT

FOR THE SIX MONTHS ENDED MAY 31st

*To the Shareholders*

It gives me great pleasure to report on your company's operations during the first half of the current fiscal year, from December 1, 1965 to May 31, 1966. In recent years, Acklands' operating results reached successive record heights and it is most gratifying to advise that this trend has continued during the period under review.

Consolidated sales for the first six months rose to $8,538,184 from $7,312,813 in the similar period of 1965 — an increase of 16%. These sales produced a net profit before income taxes of $374,702 or 54% more than the 1965 profit of $243,487. Net profit after taxes showed a 56% gain to $206,102 from $133,487.

Earnings available to common shareholders, after payment of $29,925 to preference shareholders, amounted to $176,177 compared with $103,487 — an increase of 70%. This results in earnings of 36c per common share on 483,479 shares outstanding as against 22½c per share in the first half of 1965, when there were 458,479 or 25,000 fewer common shares outstanding.

These outstanding results were achieved during what has historically been the lower earnings period of your company's operations, thus providing the springboard for another record year, provided the current business climate is maintained throughout the second half.

Your company recently was presented with a Merit Award from Financial World, a distinguished U.S. publication "In recognition of the excellence of its 1965 Annual Report to Shareholders." This award, selected from among 5,000 entries, is welcome as professional recognition of your company's policy of maintaining constant and thorough communication with its shareholders. The illustration on the cover of this interim report is a reduced reproduction of our 1965 annual report cover.

*On behalf of the board,*

Hyman Bessin

H. BESSIN, *President*

# ACKLANDS LIMITED AND SUBSIDIARIES
# CONSOLIDATED FINANCIAL DATA*
# FOR THE SIX MONTHS ENDED MAY 31, 1966

*(with comparative figures for 1965)*

| | Six Months to May 31 | | Three Months to May 31 | |
|---|---|---|---|---|
| | **1966** | **1965** | **1966** | **1965** |
| SALES | **$8,538,184** | $7,312,813 | $4,463,755 | $4,023,432 |
| ** NET PROFIT BEFORE INCOME TAXES | **374,702** | 243,487 | 156,172 | 119,895 |
| Provision for corporation income taxes (estimated) | **168,600** | 110,000 | 70,270 | 54,408 |
| NET PROFIT | **206,102** | 133,487 | 85,902 | 65,487 |
| Paid to Preference Shareholders | **29,925** | 30,000 | 14,925 | 15,000 |
| Earnings available to Common Shareholders | **176,177** | 103,487 | 70,977 | 50,487 |
| Number of Common Shares Outstanding | **483,479** | 458,479 | 483,479 | 458,479 |
| Earnings per Common Share (after preferred dividend) | **36c** | 22½c | 15c | 11c |

* *Unaudited.*

** *Gross Profit estimated on the same percentage basis as that achieved for the year ended November 30, 1965.*

# ACKLANDS LIMITED

SERVING CANADIAN INDUSTRY SINCE 1889




ACKLANDS LIMITED

**1966**
**INTERIM**
**REPORT**
FOR THE 12 MONTHS
ENDED NOV. 30th

March 22, 1967

*To the shareholders:*

As you are aware, your company recently acquired a number of established business enterprises operating in the field of wholesale distribution similar or related to Acklands' own activities.

These acquisitions require shareholders' approval and all the necessary documentation is now being compiled for your consideration at the next annual and general meeting of the company to be held towards the end of April, 1967.

Final figures for the year ended November 30, 1966 are now available and your directors believe that you will be interested to know the results of 1966 operations.

You will be pleased to learn that there was a further marked increase in sales and profits of the company during the 1966 fiscal year. Consolidated sales rose from $16,899,600 in 1965 to $19,838,899 in 1966, with net profit before taxes reaching $885,515 as compared to $610,337 in 1965.

With 483,479 common shares outstanding, earnings per share (after preference dividend) rose to a record of 83c, compared to 68c for the previous year.

The table on the opposite page summarizes the audited consolidated results of Acklands' operations in 1966.

A detailed report on the company's activities and complete financial statements will be included in the forthcoming annual report, to be mailed to you next month.

*On behalf of the board,*

Hyman Bessin

H. BESSIN, *President.*

# ACKLANDS LIMITED AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL DATA

## FOR THE TWELVE MONTHS ENDED NOV. 30, 1966

*(With comparative figures for 1965)*

| | 1966 | 1965 |
|---|---|---|
| **Sales** | $19,838,899 | $16,899,600 |
| Income before depreciation, interest and income taxes | 1,257,294 | 868,921 |
| Depreciation | 217,873 | 129,921 |
| Interest | 153,906 | 128,663 |
| **Income before income taxes** | 885,515 | 610,337 |
| Income taxes | 425,000 | 240,200 |
| **Net income after income taxes** | 460,515 | 370,137 |
| Working capital | $ 3,555,793 | $ 3,345,521 |
| Number of preference shares outstanding | 39,675 | 40,000 |
| Equity per preference share | 109.20 | 97.43 |
| Earnings per preference share | 11.61 | 9.25 |
| Dividends paid preference shareholders | 59,731 | 60,000 |
| Number of common share outstanding | 483,479 | 458,479 |
| Equity per common share | 6.91 | 6.32 |
| **Earnings per common share** (after preperence dividend) | .83 | .68 |
| Dividends paid common shareholders | 58,018 | 45,848 |


# ACKLANDS LIMITED AND ASSOCIATE COMPANIES

- BOWMAN BROTHERS LIMITED
- H.C. BURTON COMPANY LIMITED
- CANADIAN ELECTRONICS LIMITED
- LEE BERN ELECTRONICS LIMITED
- LONE STAR AUTO ELECTRIC LIMITED
- Mc & Mc METAL SERVICES
- McLENNAN, McFEELY AND PRIOR LIMITED
- MOTOR CAR SUPPLY
- T. H. PEACOCK DISTRIBUTORS LIMITED
- STEEL DISTRIBUTORS LIMITED
- TAYLOR, PEARSON AND CARSON LIMITED
- WESTERN AGENCIES
- WESTERN AUTOMOTIVE REBUILDERS LIMITED
- WESTERN WAREHOUSE DISTRIBUTORS LIMITED
- GILLIS & WARREN LIMITED